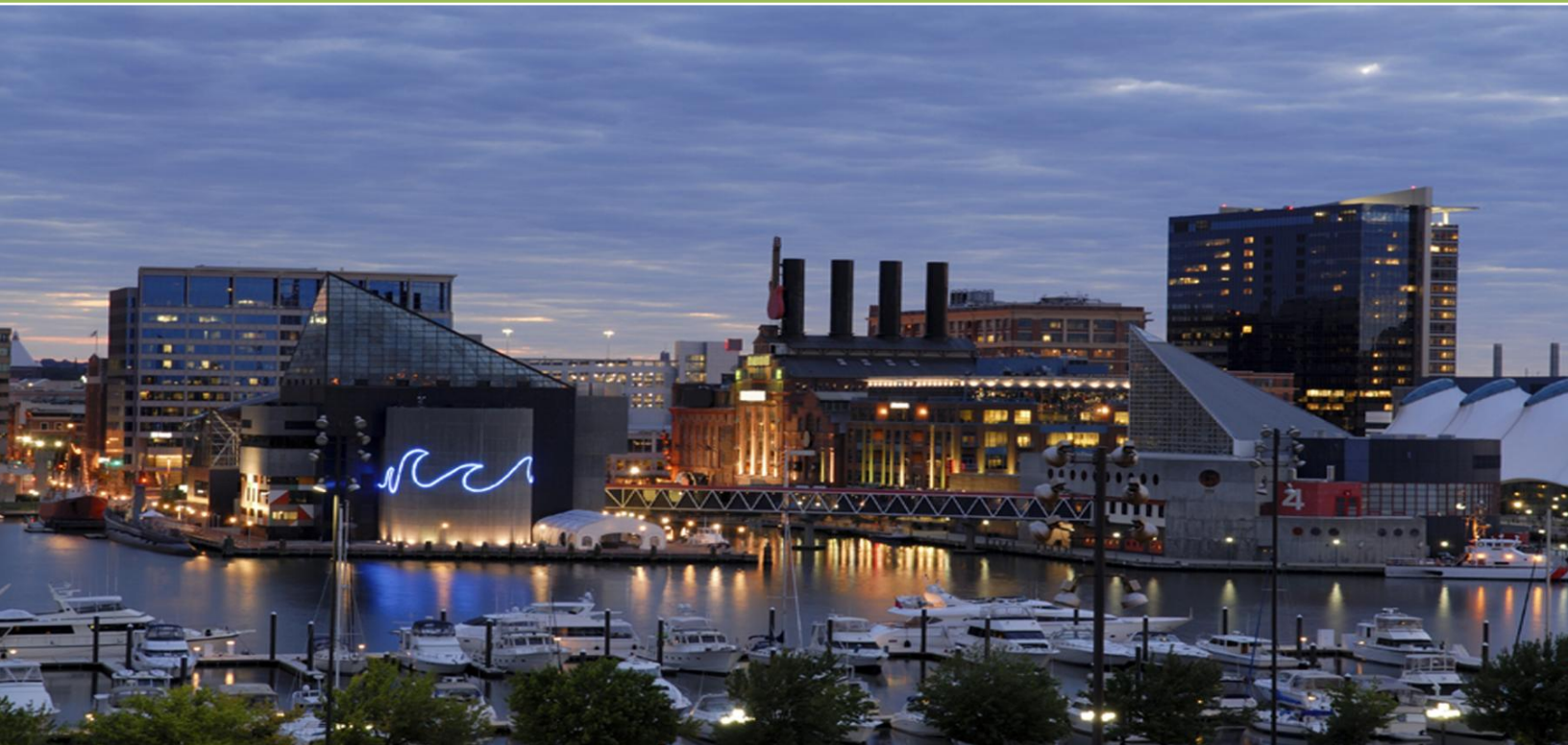




2nd Quarter Report

Baltimore Economic Recovery Team



June 15 – September 15, 2009

BALTIMORE ECONOMIC RECOVERY TEAM 2ND QUARTER REPORT

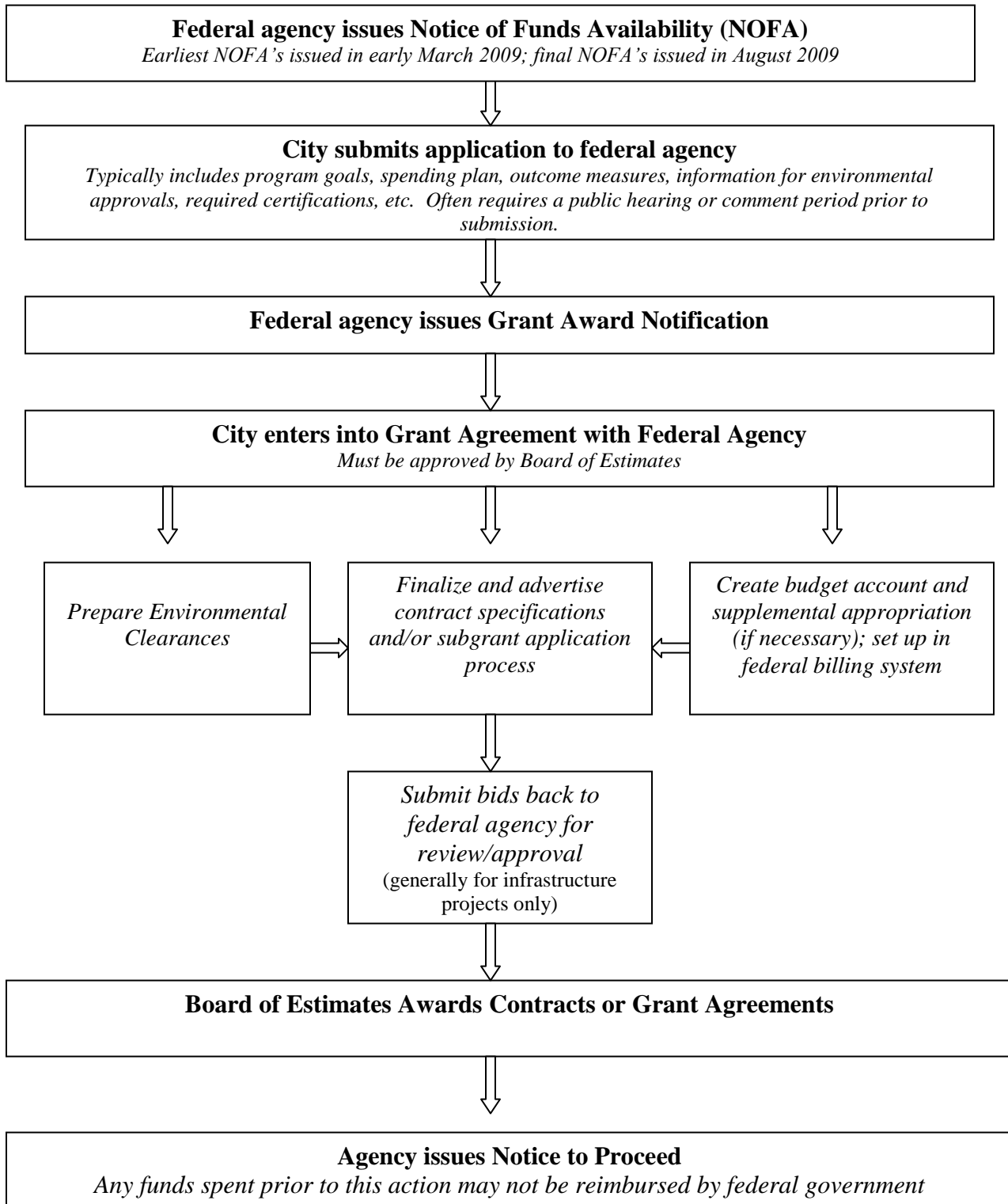
Introduction

In March 2009, Mayor Sheila Dixon established the Baltimore Economic Recovery Team (BERT) to coordinate, maximize and monitor every dollar made available to the City of Baltimore under the American Recovery and Reinvestment Act (Recovery Act). At the end of the first quarter, we reported that City agencies were on track for receiving and spending nearly \$250 million in formula-based aid from the American Recovery and Reinvestment Act. (After further review, the City's formula share of funding, including funds for the Baltimore City schools, exceeds \$310 million.) More than a dozen applications for competitive funding were submitted to the appropriate state and federal agencies in the first quarter, with decisions expected within 60 – 90 days thereafter.

The second quarter (from June 15 through September 15, 2009) was to be a time for systems to get put in place for tracking the spending, making awards to contractors and sub-grantees, and for some projects to actually begin construction or operation. Dozens more additional competitive grant applications were to be due to the federal government during the second quarter. To a large degree, the City has met its second quarter goals.

- Five Recovery Act projects totaling \$25.1 million from the Department of Transportation are under construction;
- Eleven weatherization contracts have been awarded and employee training has been completed for 37 public and private weatherization technicians who will perform residential energy efficiency projects;
- The Housing Authority of Baltimore City has begun demolition and rehabilitation for 58 units of affordable housing;
- More than 7,000 young people participated in the 2009 Summer Youthworks program, of which 2,049 were funded through the Recovery Act. .
- The Mayor's Office of Employment Development has awarded job training contracts worth \$1.4 million to 15 area agencies;
- Baltimore Homeless Services has entered into a partnership agreement with the United Way of Central Maryland to distribute funds for homelessness prevention and rapid re-housing. Subgrants worth \$8.7 million have been issued to 13 separate projects.
- Supporting agencies such as the Law and Finance Departments have been hard at working preparing contracts for subgrantees under multiple programs such as the Community Development Block Grant, and the Community Services Block Grant. Many of these contracts are now starting to come to the Board of Estimates for final approval, which will allow the subgrantees to begin spending Recovery Act funds.
- Agency staff members have participated in extensive reviews of federal reporting requirements and are prepared to begin reporting detailed program spending and results beginning in mid-October.

As in cities across the country, spending in Baltimore has not proceeded as quickly as we would have liked, due in part to the volume of applications received by the federal government and the resulting lag time between application and actual award notification. In addition, each program requires the execution of multiple legal agreements, lengthy public hearing and environmental clearance processes, bid review determinations by federal agencies, and more. In many instances, our federal partners have been clearly overwhelmed by the sheer number of applications to be processed in a record amount of time. We believe that by the middle of the third quarter, much of the approval backlog will have dissipated and spending will ramp up considerably.



The second-quarter has also brought welcome news to the City's economic recovery efforts:

- Competitive grants worth more than \$48.8 million have been awarded to the City,
- Several Baltimore companies and non-profit organizations have won grant awards under the Recovery Act and,
- Infrastructure project bids have come in much lower than expected, allowing additional projects to be funded.

In Baltimore's philanthropic community and non-profit sector has remained fully engaged in the work of implementing the Recovery Act, providing valuable advice and counsel to BERT and City agencies and technical assistance on grant applications being submitted for competitive funding. As a result, Baltimore is well-positioned to win several major competitive awards which will transform our economic landscape for decades to come.

Stories of Baltimore's Economic Recovery

While it is easy to get lost in the maze of federal rules attached to the Recovery Act, the effects of the stimulus spending are very easy to see. With funding from the Recovery Act, projects and programs throughout Baltimore are remaining on track – and Baltimoreans are hard at work earning family-supporting wages. Three stories, in particular, show how the Recovery Act is putting Baltimore back to work.

Weatherization Program Creates Job Opportunity for Laid-Off City Employees

Baltimore City will receive \$15.7 million over a three-year period to expand and enhance its Weatherization Assistance Program (WAP). During that period, the program will weatherize the homes of over 2000 low-income families, helping those households to save up to 30% on their energy bills, an estimated savings of \$840/year per family.

An important component of the project is the work of the energy auditors – trained inspectors who visit participating households in advance of any contractors to determine how best to weatherize the home, whether it is safe to do so, and whether additional “healthy homes” interventions may be indicated. To meet its goal of safely weatherizing over 2000 homes over the next three years, the City has hired six additional energy auditors with stimulus funds.

One of those energy auditors is Jennyffer Vargas. Ms. Vargas was notified in May that her employment contract with the Baltimore City Planning Department would be terminated. At Mayor Dixon's direction, energy auditor positions (and other Recovery Act-funded City positions) were targeted for qualified City employees subject to layoff or contract termination. Ms. Vargas and a laid-off city worker from the Department of Housing and Community Development were

selected. But for these stimulus-funded opportunities, both would be unemployed.

Since her hire, Ms. Vargas has completed a three-week, DOE-approved training course that was provided by the Baltimore City Community College and Sojourner Douglass College in conjunction with the city and state weatherization programs. She was one of 36 graduates honored by Congressman Elijah Cummings at the “Green Summit” held on September 21, 2009, and is now working under the guidance of a more seasoned energy auditor to assess households’ suitability for weatherization services.

Recovery Act Fills Financing Gap Left by Poor Economy

Restoration Gardens is a development project that will help to address the critical need for housing accessible to young people with little adult support. When completed, this project of Homes for America (HFA) and Empire Homes of Maryland (EHM) will provide 43 one-bedroom and efficiency apartments targeted to at-risk youth between the ages of 18 and 25.

Despite significant support from public and private sources, the project had stalled due to a funding gap that developed as the economy worsened and the market for construction bond financing dried up. A \$700,000 Community Development Block Grant will close that gap and allow the project to proceed this Fall. The Recovery Act funds will leverage \$4,900,000 of public and private sources that have already been committed to this \$5.6 million construction project.

In addition to the long terms benefits of this project for the individuals being served, this project will create approximately 50 full-time and 20 part-time jobs for Baltimore City residents during its construction, and an additional 25 jobs related to services to be provided to residents after building is completed. Additionally, the rehabilitation of a vacant, former school will have a positive impact on the real estate values in the Park Circle neighborhood.

Recovery Funds Put Baltimore Youth to Work for the Summer

The 2009 YouthWorks program has offered summer job opportunities in private sector and nonprofit locations throughout the city to more than 7,000 youth and young adults, ages 14-24. Despite the weak economy, support from the business and philanthropic communities, as well as local government and individual citizens, has continued to be strong for this program. Through the Recovery Act – and for the first time in nearly a decade, the federal government is providing funding specifically for summer jobs – allowing more young people than ever to be put to work.

Like thousands of other students in the Baltimore City school system, Erick registered for his first summer job through the city’s YouthWorks 2009 program

last spring while still a freshman at the Institute of Business & Entrepreneurship. Erick spent his summer working as a “packer” at the Success Academy, helping to prepare for the 2009-2010 school year by collecting and cataloging materials and books for distribution throughout the school system. The experience was a positive one for both Erick and his supervisors. Erick saw the value in learning to interact with others and follow instructions in a work environment. He also enjoyed earning a paycheck for his summer work.

Erick’s supervisors appreciated his contributions, evaluating his performance over the summer as “very good.” Erick reported being inspired by (and now more aware of) his parents’ hard work. He appreciated “the opportunity of experiencing firsthand, what to expect in the real world of work.”

2009 ARRA Funded Youthworks Participants, By Age

PARTICIPANT AGE	COMBINED
AGE 14	647
AGE 15	474
AGE 16	366
AGE 17	267
AGE 18	123
AGE 19	47
AGE 20	29
AGE 21	11
AGE 22	55
AGE 23	22
AGE 24	8
TOTAL	2,049

Formula Funds Being Spent and Committed

In our first quarterly report, we identified all of the known streams of formula funding and outlined preliminary plans for spending the funds, pending review and approval by the federal granting agency. In the chart below, we provide an update on how the agencies are using the funds, the extent to which funds have been obligated (i.e. committed to a specific purpose), and actually spent. As noted above, challenges remain in getting these funds “out the door,” but the mere knowledge that funds are coming has helped to stabilize many organizations and companies, averting further layoffs and the ripple effects of unemployment.

Formula Program	Lead Agency	Funds Allocated	Funds Committed¹	Funds Expended²	Notes
Surface Transportation Program	DOT	\$35,500,000	\$35,500,000	\$791,66	“Under-bids” allowed for the advertisement of 5 new projects for Spring 2010 construction season.
Clean Water Safe Drinking Water Revolving Funds	DPW	\$20,636,900 ³	\$20,636,900	\$0	Projects re-bid by DPW due to contractor protests.
Homeless Services	BHS	\$9,523,896	\$9,523,896	\$0	United Way of Central Maryland has been assigned as the management partner for these grants.
Recovery Zone Economic Development Bonds	BDC	\$20,556,000	0	\$0	Proposals under review by BDC to substitute RZ bonds for TIF bonds.
Recovery Zone Facilities Bonds	BDC	\$30,834,000	0	\$0	19 proposals received by BDC on September 15 th . Preliminary awards anticipated in mid-October. ⁴
Head Start	HCD	\$2,784,735	\$2,784,735	\$0	
Summer Jobs for Youth	MOED	\$3,558,951	\$3,558,951	\$522,331	
Dislocated Worker Training	MOED	\$1,040,769	\$1,040,769	\$2,169	Grants have been awarded to job training providers; service
Adult Job Seeker	MOED	\$1,545,216	\$1,545,216	\$32,179	

¹ This column represents funds associated with contracts which have been executed or budgets approved for direct agency spending.

² Actual outlays as shown by the Department of Finance. “Expended” could mean directly by the agency or reimbursed to a contractor, grantee, etc.

³ Includes \$6,000,000 loan to Baltimore County which is passed through to City of Baltimore as wastewater treatment operator

⁴ Awards will be subject to rigorous financial analysis and underwriting standards, etc. Bond issuance is expected in late Winter 2010.

and Incumbent Worker Protection					agreements in process.
Community Development Block Grant	HCD	\$6,226,574	\$6,226,574	\$0	Grants have been awarded to community-based organizations; funding agreements in process.
Community Services Block Grant	HCD	\$4,441,730	\$4,441,730	\$0	Grants have been awarded to community-based organizations; funding agreements in process
Weatherization	HCD	\$15,700,000		\$6,863	Funds to be spent over 3 years
Public Housing Capital Fund	HABC	\$32,724,445	\$32,724,445		
Public Safety Justice Assistance Grants	Police	\$5,275,246	\$5,275,246	\$0	
Education – State Fiscal Stabilization Fund	BCPSS	\$33,000,000	N/A	N/A	
Education – Title I (high-poverty schools)	BCPSS	\$52,000,000	N/A	N/A	Funds to be spent over 2 years
Education – Title II, Part D (career/technology education)	BCPSS	\$1,500,000	N/A	N/A	
IDEA (Special Education)	BCPSS	\$26,500,000	N/A	N/A	
IDEA (Infants and Toddlers)	BCHD	\$459,272	\$459,272	\$0	
Energy Efficiency and Conservation Block Grant	DGS	\$6,372,200	\$0	\$0	Awaiting Department of Energy review of block grant application
Congregate Meals for Seniors	CARE	\$425,000			
Total		\$310,604,934	\$117,374,048	\$1,355,205	

*Spending data not available from the Baltimore City Public School System.

Baltimore Faring Very Well in Competitive Funding Opportunities

In our first quarterly report, we identified many of the competitive funding opportunities for which City agencies would be applying. This section lists the applications submitted, a summary of the application, and the status of the application. Award status is as of September 30, 2009.

Program	Applicant	Description	Amount Requested	Amount Awarded
COPS	Police	Support for 50 additional officers over 3 years	\$10,131,050	\$10,131,050

Byrne Competitive	Police	Funds to support overtime hours of officers in Warrant Task Force; focus on service of warrants for violent offenses	\$219,935	\$201,339 ⁵
Byrne Competitive	Police	Crime Analysis Expansion	\$119,600	\$119,600
Byrne Competitive	Police	Crime Analysis Expansion	\$53,500	\$53,500
Byrne Competitive	Police	Crime Camera Expansion	\$332,943	\$332,943
Byrne Competitive	Sheriff	Funds to cover overtime for service of warrants for violation of probation or parole	\$135,000	\$50,000
Byrne Competitive	BCHD	Funds to support Safe Street at existing East Baltimore and Cherry Hill sites and to add a site in Park Heights	\$2,000,000	\$2,000,000
Byrne Competitive	State's Attorney	Domestic Violence Response Enhancement	\$45,397	\$45,397
Office of Victim Services	GOCCP/MOCJ	Supervised visitation program; brings coordinator on board to launch supervised visitation program for children involved in child abuse and domestic violence cases. DSS and BPD are partners.	\$400,000	\$400,000
Support for the Arts	BOPA	Funds will be subgranted to various arts organizations	\$250,000	\$250,000
Ferry Boat Discretionary Program	DOT	Funds for new water taxi vessels and dock improvements	\$2,100,000	\$1,590,000
Public Housing	HABC	Revitalization of public housing units located in a census tract of < 40% poverty. The unit construction standard and constructability will be LEED silver (58 scattered sites).	\$6,335,127	\$6,335,127
Public Housing	HABC	Revitalization of public housing units located in a census tract of < 40% poverty. The unit construction standard and constructability will be LEED silver (22 scattered sites).	\$2,677,253	\$2,677,253
Byrne Competitive	Police	Expansion of Crime Analysis program (2 civilian crime analysts; i2 software and hardware)	\$375,776	\$375,776
Byrne Competitive	Police	Support for and Expansion of Serology Program (5.5 serologists; 3.5 jobs maintained;	\$828,400	Pending

⁵ Includes \$151,339 to Police Department and \$50,000 to Sheriff's Office

		2 jobs created)		
Byrne Competitive	Police	Support for Safe Surrender, a multi-agency initiative that allows people to self surrender on warrants for non-violent offenses at a location outside of the tradition court house.	\$106,000	Pending
Early Head Start Expansion	HCD	Funds to expand Early Head Start program by 186 slots in 4 communities	\$2,809,569	Pending
Head Start Expansion	HCD	Funds to expand Head Start program by 71 slots; convert half-day slots to full-day slots; and extend calendar year	\$737,542	Pending
Community Renewable Energy Deployment	DGS	10 megawatt solar facility at 68 th Street landfill	\$5,000,000	Pending
Clean Cities	DGS	Joint project with Sustainability Office and Energy Neighborhood Challenge to expand challenge to non-profits	\$286,000	\$190,000
Public Housing	HABC	Modifications to dwelling units to make them fully accessible (7 scattered sites).	\$1,000,295	Pending
Public Housing	HABC	Modifications to dwelling units to make them fully accessible (5 scattered sites).	\$807,378	Pending
Public Housing	HABC	Renovation of non-dwelling areas in mixed-population buildings to provide additional space for Resident Services Programs (formerly West Twenty).	\$30,000	\$30,000
Public Housing	HABC	Renovation of non-dwelling areas in mixed-population buildings to provide additional space for Resident Services Programs (Bel-Park Tower).	\$27,000	\$27,000
Public Housing	HABC	Renovation of non-dwelling areas in mixed-population buildings to provide additional space for Resident Services Programs. (Lakeview Towers)	\$123,636	Pending
Public Housing	HABC	Cherry Hill Homes– energy efficient lighting, improve local controls, building weatherization, water conservation, install tenant metering, replace heating hot water piping in basement, install tertiary pumps to help	\$10,500,000	\$10,500,000

		regulate proper flow per building, install utility buildings to properly house piping for accessibility and proper maintenance, replace domestic hot water storage tanks, replace domestic hot water piping in basement, new energy management control system		
Public Housing	HABC	Latrobe Homes - energy efficient lighting, building weatherization, water conservation, install tenant metering, decentralization of heating systems, new energy management control system, electrical distribution system upgrade	\$5,600,000	\$5,600,000
Public Housing	HABC	Gilmor Homes- energy efficient lighting, improve local controls, building weatherization, water conservation, install tenant metering,	\$3,700,000	\$3,700,000
Public Housing	HABC	Brooklyn Homes - energy efficient lighting, improve local controls, water conservation, install tenant metering, energy efficient appliances	\$2,602,023	\$2,602,023
Public Housing	HABC	Westport Homes- energy efficient lighting, improve local controls, water conservation, install tenant metering, energy efficient appliances	\$1,200,000	\$1,200,000
Public Housing	HABC	Perkins Homes – New energy management control system	\$382,851	\$382,851
Public Housing	HABC	McCulloh Homes Low Rise- New energy management control system	\$255,717	Not awarded
Public Housing	HABC	McCulloh Homes High Rise - New energy management control system	\$118,655	Not awarded
Public Housing	HABC	Douglas Homes- New energy management control system	\$286,753	\$286,753
Public Housing	HABC	Gap financing for Redevelopment Project – renovation of 53 public housing units, n32 construction of 19 PBS8 units	\$1,259,146	Pending
Public Housing	HABC	Purchase and moderate renovation of 57 public housing units in non-impacted neighborhoods to comply with	\$5,902,288	Pending

		Thompson consent decree		
Neighborhood Stabilization Program 2	Healthy Neighborhoods (HCD is part of coalition)	Acquisition and rehabilitation of vacant and foreclosed residential properties in seven Healthy Neighborhood areas.	\$26,092,880	Pending
Neighborhood Stabilization Program 2	EBDI (HCD supporting)	Rehabilitation of vacant residential properties; demolition of obsolete structure; new construction of rental housing. All activities will take place within and along peripheries of EBDI footprint	\$30,000,000	Pending
Neighborhood Stabilization Program 2	Mi CASA/ Chicanos Por La Causa Inc. (HCD supporting)	A \$171 million national consortium application of fourteen Hispanic/Latino entities targeting 33 counties and cities, mostly in the western United States. The Baltimore portion of the application requests funds for the acquisition and rehabilitation of single family properties in the Johnston Square neighborhood.	\$9,680,000	Pending
Neighborhood Stabilization Program 2	State of Maryland/TRF (HCD supporting)	A \$29.7 million state of Maryland led consortium application, targeting parts of Baltimore City and six counties. The Baltimore portion of the application requests funds for: the acquisition and rehabilitation of vacant single family structure; demolition of obsolete residential structures; construction of new single family housing. All activities will take place in the Oliver and Greenmount West neighborhoods.	\$6,231,888	Pending
Transportation Investments Generating Economic Recovery (TIGER)	DOT/BDC	Funds requested for infrastructure improvements supporting the Westport Waterfront Transit-Oriented Development project, including environmental remediation, roadway capacity/safety improvements, bridge replacement, light rail station enhancements, etc.	\$33,500,000	Pending
Pathways Out of Poverty	MOED	Funds to engage community workforce intermediaries, job training vendors, employers, unions and educational partners	\$4,000,000	Pending

		to prepare 500 drop outs and ex-offenders for employment in emerging green jobs industry.		
OJJDP Mentoring	Baltimore Rising/State DJS	College campus based mentoring for DJS-involved youth. Significant involvement by local colleges.	\$125,000	Not awarded
Coastal & Marine Habitat Restoration	Planning/BDC	Funds to support clean-up at Westport Waterfront	\$950,000	Not awarded.
Clean Cities Petroleum Reduction Technologies	DPS/DGS	Purchase of compressed natural gas (CNG) cars and conversion of portions of fleet to CNG.	\$5,100,000	Not awarded
EDA – Recovery (Public Works)	BDC/BPD	Broadway Marketplace. The planned renovation and expansion of the historic Broadway Market Buildings, on the 600 and 700 Blocks of South Broadway, will create 29,100 square feet of retail and restaurant space for lease to small businesses and entrepreneurs serving the Fells Point community and tourists to the Fells Point Historic District	\$4,200,000	Not awarded
EDA – Recovery (Economic Adjustment)	BDC/BPD	Bel Air Road Commercial Study. EDA funds are requested to do a comprehensive study of the corridor which will include a marketing strategy to attract businesses to occupy vacant property.	\$60,000	Not awarded
National Clean Diesel	DGS	Funds to reduce diesel emissions from 100 trash trucks, 24 street sweepers, and on 30 school buses owned by BCPSS	\$2,059,000	Not awarded
Fire House Retrofit	DGS/Fire	Funds to rehab Fire Station #31.	\$1,992,441	Not awarded
		TOTAL	\$192,730,043.00	\$49,086,612

Private and Non-Profit Organizations/Institutions Receiving Recovery Funding Directly from Federal or State Agencies

While the focus of BERT has largely been to help City agencies maximize funding opportunities from the Recovery Act, City agencies have also partnered with the private sector to win competitive grants that benefit Baltimore. As a result,

- **Baltimore's maritime industry received a \$4.5 million boost from two grants awarded under the Maritime Administration's Small Shipyards program.** Ellicott Dredges, located in the Carroll-Camden Industrial Area, and General Ship Repair, located on Key Highway in Locust Point, are receiving grants to expand drydock operations and purchase new equipment. The Baltimore Development Corporation is to be credited for assisting these two firms prepare successful applications
- **Five senior- and assisted-housing sites are in line to receive much needed fund to retrofit their energy systems to reduce power consumption.** While final award amounts are not yet known, these organizations have successfully navigated HUD's complex process for calculating capital costs and energy savings and have entered into negotiations with the federal agency regarding their final award. Baltimore Housing and the Baltimore Neighborhood Collaborative are to be credited for making this program a viable opportunity for:
 - Poppleton Phase II Apartments
 - Bon Secours Hollins Terrace Apartments
 - MonteVerde Apartments
 - Gallagher Mansion Apartments
 - Barclay Greenmount Apartments
- **Two housing projects receive \$4,635,000 under the funding through the federal Tax Credit Assistance Program (TCAP).** City Arts Apartments in the Greenmount West community is sponsored by Homes for America, Jubilee Baltimore and The Reinvestment Fund and will provide 69 units of workforce housing. In Southwest Baltimore, Wayland Village, a project of Enterprise Housing Corporation and Unity Properties, will provide 90 units of new senior housing. **An additional project, Penn Square, near Pennsylvania Avenue and North Avenue will create 91 units of affordable rental housing,** through the U.S. Department of Treasury's cash assistance in lieu of Low Income Housing Tax Credit's Recovery Act program.
- **Baltimore's arts community will benefit from a \$250,000 award to the Baltimore Office of Promotion and the Arts** from the National Endowment for the Arts. BOPA is now in the process of making subgrants to cultural and performing art institutions in the City, helping these organizations through a very trying time.
- Agencies such as the House of Ruth, Sinai Hospital, Mercy Medical Center, St. Vincent de Paul and others will receive a total of **more than \$250,000 to prevent and respond to domestic violence and provide family support services for victims of violence.**

The above summary does not include several million dollars awarded to local colleges and universities for research activities, facility improvements, etc. In addition, many local firms are benefiting from direct contracting by federal agencies. Baltimore's proximity to so many federal agencies based in Washington, D.C. has meant the award of construction, information technology, grants management and other contracts to local firms. While difficult to track at this moment, we expect that the extensive federal reporting system will help to tell the picture of how Baltimore is fully benefiting from the Recovery Act.

What Lies Ahead: Expectations for the Next Three Months of Economic Recovery

The months of October, November and December hold great promise – and the potential for great peril – for Baltimore's economic recovery. On the one hand, we expect to seek a significant ramp up in Recovery Act spending as the City's weatherization, public housing, and community development programs move toward full production. Job training programs and public safety spending will increase as well. These programs will be welcome news for Baltimore's working families. Federal reporting on actual spending job creation begins on October 10th; for the first time we will be able to get a full and accurate picture of how all of the Recovery Act spending (not just that by the local government) is starting to boost our local economy.

On the other hand, the manifestations of a continued high unemployment rate will become starker as families struggle with utility bills and mortgage payments; these problems will only be exacerbated as the cold weather sets in. Temporary lay-offs in the construction industry due to winter weather being unsuitable for many infrastructure projects will likely set back the gains made in recent months. In this context, it is imperative that Baltimore's social safety net be prepared for even greater demand on its resources. The importance of swiftly implementing Recovery Act programs for homelessness prevention and rapid rehousing, emergency food and nutrition, domestic violence prevention, and the like can not be understated.

Still, there is reason for hope. Many of the largest competitive applications will be awarded this Fall and early Winter, including the Neighborhood Stabilization Program, renewable energy programs and infrastructure programs. Baltimore has submitted very strong applications for all of these programs. Additionally, the Baltimore Development Corporation will award more than \$30 million in Recovery Zone bonds to local development projects which will trigger several hundred million dollars in private sector construction. There is reason to be optimistic that our local economy will flourish again.

Summer Jobs 2009 **Baltimore City ARRA Worksites**

